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The Chinese Communist Vista of "Industrialization"  
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THE CHINESE COMMUNIST VISTA OF "INDUSTRIALIZATION."

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Although China is primarily an agricultural country, its agricultural economy has never been able to solve its economic problems. It must open the way for industrial advancement. This is the theory that scholars and specialists have arrived at through their studies over the last hundred years.

With economics having a political basis, if China's economic problems are solved without plan, then the majority of the citizens will have no protection for their livelihood and political authority will be unable to maintain itself. In other words, if any political authority lacking in power guides China along the path of industrialization and completes industrial organization, still that authority cannot long endure. This is theoretically to be expected. According to Communist revolutionary reasoning, this theory is clearly understood. Consequently, when the Communists seized political authority, they advanced slogans for industrialization which painted a beautiful vista for future industry. However the urgency of industrialization was already common knowledge in China, and the Communist vista, however beautiful, offers what means to attain this end? Industrialization requires a great quantity of wealth. Where is Communist industrialization to obtain this wealth? That is the question which we wish to discuss here.

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According to the Communists, industrial wealth (i.e., capital) is to be derived from the two following sources. Firstly, it is hoped that increased agricultural production will open the way to industry. It is known that land reform will bring about increased production because of the stimulated interest created by land rights. Aside from food needed for themselves, there will be some left over to be contributed to the state, which can be slowly accumulated as wealth for industrialization. Since Chinese economy is based on agriculture as formerly, the duty of accumulating capital for industrial purposes will fall on the farmer.

In the 7th number of this magazine, in an article by the writer called "Fluctuations in the Communist Unification of Agriculture," I outlined the phenomenon of disparity between the farming population of China and the area of tillable land, explaining that the Chinese farmers took advantage of the "overturn" created by land reform, and that in the process of dividing up the land the individual farmer received too little and too scattered holdings. Not only was it impossible for the Communists to acquire sufficient industrial capital, but the farmers were unable to progress in the face of their age-old impoverishment.

There is no need to go into further details concerning the above theories except to point out one further obvious example, i.e., the study of the situation as regards cotton production on the continent. Cotton is the raw material for the spinning and weaving ~~industries~~.

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SECURITY INFORMATION

industries. However the cotton produced on the continent is not sufficient to expand the spinning and weaving industries. According to Communist estimates, China now has approximately 5,200,000 spindles, of which 4,300,000 are in actual operation. Ten million piculs of cotton are needed to supply 4 million spindles. According to 1950 statistics, cotton produced amounted only to 8,510,000 piculs. This is not sufficient to maintain 4 million spindles. It is far from being sufficient for 5 million spindles. Hence, if it is planned to increase the number of spindles, how will the additional cotton be obtained?

The Communists have already done a good deal to increase cotton production. During February 1950 the Communist "Ministry of Agriculture" promulgated a directive on plans for increasing cotton production, placing cotton on a par with grain and indicating that for the said year-period cotton should be increased by 4,720,000 piculs making a total of 13,230,000 for the year; hence the entire country should plant 50 million mou of cotton. Taking this into consideration, even if this plan were completed on schedule there still would not be sufficient to restore 5 million spindles to use.

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The results of this situation may be tabulated as follows (the source material is from PJM 18 Nov 1951):

<u>Item</u>	<u>Concrete</u>	<u>Cotton Yarn</u>	<u>Cotton Cloth</u>	<u>Paper</u>	<u>Wheat Flour</u>
Productive capacity of present equipment	100	100	100	100	100
1950 actual production	49.3	84.2	100	62.1	55.9
1951 planned production	75.6	94	98.3	92	61.6

<u>Item</u>	<u>Cigarettes</u>	<u>Matches</u>
Productive capacity of present equipment	100	100
1950 actual production	45.3	31.5
1951 planned production	42.7	39.9

It is not necessary to comment on all the items in the table. However, one should notice that cotton yarn throughout 1951 due to shortage of raw material had no way of meeting its productive capacity. Hence the production of cotton cloth for 1951 had to be reduced also.

CH'EN YUN, Vice-premier of the State Administration Council, at the session of the CPCC conference during October 1951, admitted in his finance and economic report that the production of ~~xx~~ cotton yarn during 1951 for the entire country due to insufficient raw material did not amount to an increase of ten percent. From the above figure

- 4 -

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We may deduce the amount of increased production of cotton yarn planned for in 1950, but no light is thrown on the possibility of carrying the plan out. Hence, the Communists are putting forth great effort to realize the plan to increase cotton acreage and cotton planting. Whether they can or not is the question. Expanding cotton acreage and increasing cotton planting reflects the situation as regards grain production. Therefore, when the Communists did not attain the planned cotton area of 50 million mou, CH'EN W YUN stated in the report mentioned above that the expansion of cotton area should be "critized" for blind expansion. "... next year we should encourage the farmers to expand their grain production in order to regulate the nation's grain needs. Next year we must adjust the area devoted to the planting of grain and industrial raw materials. We must stabilize according to this year's average. We definitely cannot reduce the area to be sown with grain, and we must especially avoid blind expansion of cotton fields..."

In order to restore and develop the spinning and weaving industry, it is necessary to expand the area planted with raw material, but if the plan is to be carried out, the food problem has to be faced. This represents the wretched situation of "having cured the head when there is also a pain in the foot." In the last analysis it is the fundamental problem of the village, i.e., the disparity between village land and village population.

From what has been said above, it is clear that the country's 5 million spindles cannot be put to use in 1952. Why stop at 1952? If the farmers cannot free themselves from their minute holdings, the chances are very slim that the Communists will be able to accumulate industrial capital from agriculture.

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As for other light industries, according to the items listed in the above table, their inability to attain their former productive capacity is proof that they too are in the same situation as cotton yarn and cotton cloth.

The second source for industrial capital which the Communists count on is from industrial production itself. This is even more vague in its connotation than the item discussed above.

Whereas it is quite possible to speak of an existing light industry in China, heavy industry is almost out of the question. Moreover, among the light industries spinning and weaving are the most developed, since they were established at the time of the first world war. However, the spinning and weaving industry's situation is as described above.

Whenever the Communists talk about production, it is always a question of "breaking the world's record." If one or two items of production are "record-breaking", then the Communists are delirious with joy (not to speak of the propaganda elements involved). When they attain a record in agriculture there is some reason to be proud. As for industry, particularly heavy industry the only record achieved in Chinese history is one to be pitied and to be ashamed of. The present distance from "industrialization" is enormous. How can one speak of "breaking records?"

China formerly had a pitifully small amount of industry. During eight years of a war of resistance and four years of civil war both because of the destruction directly connected with warfare and because of the lack of technical skill and raw materials, industrial activity came to a standstill. Now that the Communists have political authority and have "unified" the continent, one can only say that they have at least had an excellent opportunity to adjust and restore industry as it existed formerly.

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Communist policy is oriented only towards the Soviet Union and rejects the free world which has plenty of capital, it loses the environment necessary for industrialization. The Soviet Union itself is a country poor in sources of capital. Aside from production of industrial goods needed for military purposes, it can be of no help to the industrialization of Communist China.

Peace is an indispensable condition for the development of industry, but the Chinese Communists submit to Russian domination and reject international peace. By the purposeless entry into the Korean war, a great quantity of wealth which might have <sup>been</sup> applied to reconstruction has been wasted. Even if the armistice talks should be successfully completed, Chou En-lai has stated at the CPPC conference that national production should be aimed at securing the defense of the country; hence it is clear that from now on the Communist policy places more importance on military reconstruction than on economic reconstruction.

From this standpoint, whether the Communists rely on agriculture or industry itself, they have no means of accumulating the capital they need for industrialization. Their environment, conditions, and policy make it impossible for them to follow the road to industrialization. Hence Communist industrialization is a vista which may be seen but may not be reached. If they cannot complete their political authority by industrialization, then their future is bleak indeed.

- 8 -

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